

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

Electronic Options Help with Tax Payments

IR-2004-52, April 9, 2004

(Apr. 14 — Extension line hours in fourth paragraph corrected.)

WASHINGTON — For some taxpayers, the tax filing deadline will be a “pay” day, and the Internal Revenue Service offers several options to help them meet their obligations. For those who cannot pay the full amount now, the IRS offers special payment plans.

There are three ways taxpayers can let technology help them pay their taxes: by authorizing withdrawals from their savings or checking accounts, through the Electronic Federal Tax Payment System (EFTPS) or by charging it to certain charge cards.

As of April 2, more than 155,000 e-filers have already paid their taxes through electronic withdrawals this fiscal year. While e-filing tax returns by computer or phone, taxpayers may authorize the Treasury to electronically withdraw the tax payment from their checking or savings account. Individual taxpayers can schedule payments for withdrawal up to April 15, 2004. Otherwise, the payment is effective on the return filing date. There is no charge for this service. This payment option is similar to electronic funds withdrawals many people have for their monthly mortgage, auto, utility or insurance payments, except this withdrawal for income tax is a one-time payment. Since 1999, 2 million individual and business taxpayers have taken advantage of this option.

Taxpayers may also authorize an electronic withdrawal when requesting an extension by phone at 1-888-796-1074 available toll free until midnight local time on April 15, except Alaska and Hawaii use Pacific Time. They should use Form 4868 as a worksheet to prepare for the call, but not mail it to the IRS. They will also need the adjusted gross income from their 2002 tax return to authorize the withdrawal. Those not making a payment with the extension request will not need the prior year tax information. Taxpayers will receive a confirmation number at the end of the call for their records. The extension request line is open 24 hours a day until the filing deadline.

EFTPS is a service provided free by the U.S. Department of Treasury. Since Nov. 1996, payments valued at almost \$10 trillion have been made through EFTPS. The system has enabled taxpayers and tax professionals to make federal tax payments electronically using a computer with modem or a telephone. EFTPS-online is an ideal way for quarterly tax filers to make and track their payments. For details on how to use EFTPS go to www.EFTPS.gov or call 1-800-555-4477 or 1-800-945-8400.

Since 1999, almost 2 million individual taxpayers have charged their taxes. This fiscal year, credit card payments are up 177 percent compared to last year. As of April 2, more than 300,000 credit card payments have been made. Taxpayers can charge their taxes to their American Express, Discover Card, MasterCard or VISA accounts by contacting one of two authorized service providers:

- Link2Gov Corporation, www.PAY1040.com, 1-888-PAY-1040 (1-888-729-1040) or
- Official Payments Corporation, www.officialpayments.com, 1-800-2PAY-TAX (1-800-272-9829).

These companies process the transactions and charge convenience fees. The IRS does not collect the fees, nor does the IRS receive or store the credit card numbers. The cardholder's account statement will show the tax payment and fee separately.

Those who cannot pay the full tax due may qualify for an installment payment plan. The IRS offers a streamlined approval process if the amount due is not more than \$25,000 and the taxpayer will pay it within a five-year period.

Taxpayers may ask for an installment plan while filing by attaching Form 9465, Installment Agreement Request, to the front of the tax return, listing the proposed monthly payment amount and date. They may also choose to conveniently pay from a bank account each month through an electronic funds withdrawal program.

There is a \$43 fee for setting up the installment agreement. Taxpayers will also pay interest – currently figured at five percent per year, compounded daily – plus a late payment penalty. This penalty, usually 0.5 percent of the balance due per month, drops to 0.25 percent when the IRS approves the agreement for an individual taxpayer who filed the return on time and did not receive a levy notice.

IRS.gov has an interactive feature to help taxpayers determine their eligibility for an installment agreement and to download related forms. To use the interactive feature, type "installment agreements" in the search box at IRS.gov and then choose the link "What To Do If You Can't Pay Your Taxes." Form 9465 is available by calling (toll-free) 1-800-TAX-FORM, or from IRS TaxFax. From a fax machine, call 703-368-9694 – not a toll-free number – and request item #14842 by return fax.